

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 16-153R

Organization: Chicago Mercantile Exchange Inc. ("CME")

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 05/03/16 **Filing Description:** Amendments to CME Rule 204A04. ("Daily Settlement Price") and Expansion of Listing Schedule of the Malaysian Palm Oil Calendar Swap (Cleared Only) Contract

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- | | | |
|-------------------------------------|-------------------------------------|------------|
| <input checked="" type="checkbox"/> | Certification | § 40.6(a) |
| <input type="checkbox"/> | Approval | § 40.5(a) |
| <input type="checkbox"/> | Notification | § 40.6(d) |
| <input type="checkbox"/> | Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/> | SIDCO Emergency Rule Change | § 40.10(h) |

Rule Numbers: CME Chapter 204A

New Product

Please note only ONE product per Submission.

- | | | |
|--------------------------|---------------------------------------|------------|
| <input type="checkbox"/> | Certification | § 40.2(a) |
| <input type="checkbox"/> | Certification Security Futures | § 41.23(a) |
| <input type="checkbox"/> | Certification Swap Class | § 40.2(d) |
| <input type="checkbox"/> | Approval | § 40.3(a) |
| <input type="checkbox"/> | Approval Security Futures | § 41.23(b) |
| <input type="checkbox"/> | Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/> | Swap Submission | § 39.5 |

Product Terms and Conditions (product related Rules and Rule Amendments)

- | | | |
|--------------------------|---|----------------------|
| <input type="checkbox"/> | Certification | § 40.6(a) |
| <input type="checkbox"/> | Certification Made Available to Trade Determination | § 40.6(a) |
| <input type="checkbox"/> | Certification Security Futures | § 41.24(a) |
| <input type="checkbox"/> | Delisting (No Open Interest) | § 40.6(a) |
| <input type="checkbox"/> | Approval | § 40.5(a) |
| <input type="checkbox"/> | Approval Made Available to Trade Determination | § 40.5(a) |
| <input type="checkbox"/> | Approval Security Futures | § 41.24(c) |
| <input type="checkbox"/> | Approval Amendments to enumerated agricultural products | § 40.4(a), § 40.5(a) |
| <input type="checkbox"/> | "Non-Material Agricultural Rule Change" | § 40.4(b)(5) |
| <input type="checkbox"/> | Notification | § 40.6(d) |

Official Name(s) of Product(s) Affected:

Rule Numbers:

May 3, 2016

VIA ELECTRONIC PORTAL

Mr. Christopher Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

**RE: CFTC Regulation 40.6(a) Certification. Notification Regarding Amendments to CME Rule 204A04. (“Daily Settlement Price”) and Expansion of Listing Schedule of the Malaysian Palm Oil Calendar Swap (Cleared Only) Contract.
CME Submission No. 16-153R**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. (“CME”), a derivatives clearing organization (“DCO”), is notifying the Commodity Futures Trading Commission (“CFTC” or “Commission”) that it is self-certifying a correction to recently implemented non-spot settlement procedures and an expansion of the listing schedule for Malaysian Palm Oil Calendar Swap (Cleared Only) contract (Rulebook Chapter 204A; CME ClearPort and Clearing Code: CPC) (the “Contract”) effective Tuesday, May 17, 2016 for trade date Wednesday, May 18, 2016.

On April 1, 2016, CME self-certified new settlement procedures for non-spot swap contract months (CME Submission No. 16-006). The new settlement procedures incorporate a forward foreign exchange (FX) component to non-spot contracts and were implemented for trade date April 25, 2016. CME is revising Rule 204A04. (“Daily Settlement Price”) to reflect the current methodology. Specifically, the forward FX component should be tied to the final settlement day (last day of the contract month) rather than the first day of the contract month. This revision to reflect current methodology does not affect final settlement or settlement during the last month of clearing.

CME Submission No. 16-153R simply includes Appendix C and provides the Contract’s related settlement procedure document in blackline format to conform with amendments to Rule 204A04. No other amendments are being made to the original submission.

Currently, the Contract is available for submission for clearing via CME ClearPort for 24 consecutive months. Also effective on trade date Tuesday, May 17, 2016 for trade date Wednesday, May 18, 2016, the Contract will be available for submission for clearing via CME ClearPort for 60 consecutive months.

CME has determined that the amended listing cycle is more conducive to the needs of market participants. Market participants will be alerted to the change via a Special Executive Report (“SER”) and via other appropriate customer communications.

CME reviewed the derivatives clearing organization core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the modifications may have some bearing on the following Core Principles:

- Settlement Procedures: The amendments to settlement procedures do not materially affect any of the Core Principles that address settlement procedures; settlements will continue to be accurate, timely, and accurately recorded.
- Recordkeeping: Trading volume, open interest and settlement price information for the Contract will continue to be published daily on the CME Group website.
- Public Information: As required by this Core Principle, CME will issue a Special Executive Report regarding these aforementioned amendments to notify the market authorities, market participants, and the public so that they have accurate, up-to-date information regarding amended hours for submission for clearing via CME ClearPort for the Contract. The SER will be also posted on the CME Group website.
- Risk Management: While the amendments to settlement procedures for the Contract are not expected to affect underlying risk parameters, the CME Clearing House will monitor and assure that margin requirements cover potential exposures.
- Recordkeeping: The Contract's terms and conditions will be updated in the Rulebook available on CME Clearing's website to reflect this change in settlement procedures.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), CME hereby certifies that the aforementioned amendments comply with the Act, including regulations under the Act. There were no substantive opposing views regarding the proposed amendments were expressed to CME.

CME certifies that this submission has been concurrently posted on the CME Group website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

If you require any additional information regarding this submission, please e-mail CMEGSubmissionInquiry@cmegroup.com or contact me at 212-299-2200.

Sincerely,

/s/Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Appendix A: CME Rule Amendments (blackline format)
Appendix B: CME Chapter 204A (updated in the CME Rulebook as of the date of this Submission)
Appendix C: Settlement Procedure Document (blackline format)

Appendix A

CME Rulebook Amendments

(The proposed rule change is attached in black line format.)

Chapter 204A USD Malaysian Crude Palm Oil Calendar Swap (Cleared Only)

204A04. DAILY SETTLEMENT PRICE

FOR ALL CONTRACT MONTHS PRIOR TO AND INCLUDING JUNE 2017

Daily settlement other than settlement on the final settlement day or during the last month of clearing (as described in Rule 204A03) shall be the settlement price of the Bursa Malaysia Derivatives Berhad FCPO futures contract that is the third-forward month from the swap month converted to USD using the USD/MYR spot rate reported by PPKM at approximately 11:10 am Kuala Lumpur time and rounded to the nearest \$0.25. Daily settlement prices shall be generated each business day the CME is open using the most recent available Bursa Malaysia Derivatives Berhad FCPO futures prices and the latest available USD/MYR spot rate reported by PPKM at approximately 11:10 am Kuala Lumpur time.

The Exchange may list USD Malaysian Crude Palm Oil Calendar Swaps before corresponding Bursa Malaysia Derivatives Berhad FCPO futures contracts are listed. In such cases, daily settlements will be based on interpolation between contracts that are listed.

FOR ALL CONTRACT MONTHS BEGINNING WITH JULY 2017 (Effective Wednesday, May 18, 2016 – Pending CFTC Review)

Daily settlement other than settlement on the final settlement day or during the last month of clearing (as described in Rule 204A03) shall be the settlement price of the Bursa Malaysia Derivatives Berhad FCPO futures contract that is the third-forward month from the swap month converted to USD using USD/MYR forward rates equating to and interpolating between the closest date(s) to the ~~first~~last business day of the contract's expiration month and published at contract settlement time and rounded to the nearest \$0.25. Daily settlement prices shall be generated each business day the CME is open using the most recent available Bursa Malaysia Derivatives Berhad FCPO futures prices and the latest available USD/MYR forward rates published at contract settlement time.

The Exchange may list USD Malaysian Crude Palm Oil Calendar Swaps before corresponding Bursa Malaysia Derivatives Berhad FCPO futures contracts are listed. In such cases, daily settlements will be based on interpolation between contracts that are listed.

Appendix B

CME Rulebook Chapter 204A

(As of the date of this filing, the CME Rulebook will be updated as follows.)

Chapter 204A USD Malaysian Crude Palm Oil Calendar Swap (Cleared Only)

204A00. SCOPE OF CHAPTER

This chapter is limited in application to the clearing of USD Malaysian Crude Palm Oil Calendar Swaps, where the parties to the transaction are “Eligible Contract Participants” as defined in Commodity Exchange Act Section 1a(18). Transactions in USD Malaysian Crude Palm Oil Calendar Swaps shall also be subject to the general rules of the Exchange insofar as applicable. The clearing and settlement of transactions in USD Malaysian Crude Palm Oil Calendar Swaps shall also be subject to the provisions of Chapter 8-F of the CME Rulebook.

204A01. CONTRACT SPECIFICATIONS

204A01.A. Unit of Clearing

The unit of clearing shall be 25 metric tons.

204A01.B. Hours for Clearing Entry

The Exchange shall determine the hours during which USD Malaysian Crude Palm Oil Calendar Swaps may be submitted to the Clearing House. Positions shall be initiated or closed out using off-exchange transactions.

204A01.C. Minimum Price Increments

Minimum price fluctuations shall be in multiples of USD \$0.25 per metric ton which shall equal USD \$6.25 per contract. Contracts shall not be made on any other price basis.

204A01.D. Months Cleared

Clearing of USD Malaysian Crude Palm Oil Calendar Swaps is regularly conducted in all 12 months, but shall be permitted in the current delivery month and any succeeding months. The number of months in which clearing may occur shall be at the discretion of the Exchange.

204A01.E. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

204A01.F. Last Day of Clearing

The last day of clearing of USD Malaysian Crude Palm Oil Calendar Swaps deliverable in the current delivery month shall be the final settlement day as prescribed in Rule 204A05.

204A01.G. Liquidation during the Delivery Month

After clearing of USD Malaysian Crude Palm Oil Calendar Swaps in the current delivery month has ceased, in accordance with Rule 204A01.F. of this chapter, outstanding contracts for such delivery shall be liquidated by cash settlement as prescribed in Rule 204A02.

204A02. CASH SETTLEMENT

Final settlement under these rules shall be on the final settlement day (as described in Rule 204A05) and shall be accomplished by cash settlement. Clearing members holding open positions in USD Malaysian Crude Palm Oil Calendar Swaps at the time of termination of clearing shall make payment to and receive payment through the Clearing House in accordance with normal variation settlement

procedures based on a settlement price equal to the final settlement price (as described in Rule 204A03.).

204A03. FINAL SETTLEMENT PRICE AND DAILY SETTLEMENT DURING THE LAST MONTH OF TRADING

The final settlement price shall be determined on the final settlement day. The final settlement price shall be the cumulative average of the settlement prices for the third forward month FCPO contract traded on the Bursa Malaysia Derivatives Berhad for each trading day in the swap contract month converted to USD and rounded to the nearest \$0.25 using the USD/MYR spot rate reported by Persatuan Pasaran Kewangan Malaysia (PPKM), which appears on Thomson Reuters Screen MYRFIX2 Page at approximately 11:10 am Kuala Lumpur time.

For example, final settlement for a January USD Malaysian Crude Palm Oil Calendar Swap would be the cumulative average of the daily settlement prices for the third forward FCPO contract listed on the Bursa Malaysia Derivatives Berhad contract during the month of January, which in this example will comprise half of the March futures contract and half of the April futures contract, with the month roll determined by the Bursa Malaysia Derivatives Berhad listing and expiration cycle. These daily settlement prices are converted to USD and rounded to the nearest \$0.25 using the USD/MYR spot rate reported by PPKM at approximately 11:10 am Kuala Lumpur time.

Daily settlement during the last month of clearing shall be the cumulative average of each settlement price of the corresponding Bursa Malaysia Derivatives Berhad FCPO futures contract and converted to USD and rounded to the nearest \$0.25 weighting the current day's settlement price across each remaining clearing day.

Settlement prices shall be generated each CME business day using the most recent available values from Bursa Malaysia Derivatives Berhad and the most recent USD/MYR spot rate reported by PPKM. However, any settlement prices generated on a CME business day that is not also a Bursa Malaysia Derivatives Berhad business day will not be counted toward final settlement. Additionally, there will be no daily settlement prices generated on non-CME business days that are Bursa Malaysia Derivatives Berhad business days, but the Bursa Malaysia Derivatives Berhad settlement prices generated on such days will count toward final settlement and daily settlement during the last month of clearing.

204A04. DAILY SETTLEMENT PRICE

FOR ALL CONTRACT MONTHS PRIOR TO AND INCLUDING JUNE 2017

Daily settlement other than settlement on the final settlement day or during the last month of clearing (as described in Rule 204A03) shall be the settlement price of the Bursa Malaysia Derivatives Berhad FCPO futures contract that is the third-forward month from the swap month converted to USD using the USD/MYR spot rate reported by PPKM at approximately 11:10 am Kuala Lumpur time and rounded to the nearest \$0.25. Daily settlement prices shall be generated each business day the CME is open using the most recent available Bursa Malaysia Derivatives Berhad FCPO futures prices and the latest available USD/MYR spot rate reported by PPKM at approximately 11:10 am Kuala Lumpur time.

The Exchange may list USD Malaysian Crude Palm Oil Calendar Swaps before corresponding Bursa Malaysia Derivatives Berhad FCPO futures contracts are listed. In such cases, daily settlements will be based on interpolation between contracts that are listed.

FOR ALL CONTRACT MONTHS BEGINNING WITH JULY 2017 (Effective Wednesday, May 18, 2016 – Pending CFTC Review)

Daily settlement other than settlement on the final settlement day or during the last month of clearing (as described in Rule 204A03) shall be the settlement price of the Bursa Malaysia Derivatives Berhad FCPO futures contract that is the third-forward month from the swap month converted to USD using USD/MYR forward rates equating to and interpolating between the closest date(s) to the last business day of the contract's expiration month and published at contract settlement time and rounded to the nearest \$0.25. Daily settlement prices shall be generated each business day the CME is open using the most recent available Bursa Malaysia Derivatives Berhad FCPO futures prices and the latest available USD/MYR forward rates published at contract settlement time.

The Exchange may list USD Malaysian Crude Palm Oil Calendar Swaps before corresponding Bursa Malaysia Derivatives Berhad FCPO futures contracts are listed. In such cases, daily settlements will be based on interpolation between contracts that are listed.

204A05. FINAL SETTLEMENT DAY

The final settlement day shall be on the last CME business day of the swap contract month. However, should there be a Bursa Malaysia Derivatives Berhad business day during the swap contract month that follows the last CME business day of the swap contract month, then final settlement shall be on the first CME business day of the month following the swap contract month.

204A06. DISPUTES

All disputes between interested parties may be settled by arbitration as provided in the Rules.

Appendix C

Settlement Procedures Document

(Additions are underlined.)

USD Malaysian Crude Palm Oil Calendar Swap (Cleared Only) Daily and Final Settlement Procedure

Normal Daily Settlement Procedure

Daily settlement other than settlement on the final settlement day or during the last month of clearing (as described in Rule 204A03) shall be the settlement price of the Bursa Malaysia Derivatives Berhad FCPO futures contract that is the third-forward month from the swap month converted to USD using the Persatuan Pasaran Kewangan Malaysia (ACI – Malaysia) 11:00 am (Singapore time) MYR spot fixing and rounded to the nearest \$0.25. Daily settlement prices shall be generated each business day the CME is open using the most recent available Bursa Malaysia Derivatives Berhad FCPO futures prices and the latest available Persatuan Pasaran Kewangan Malaysia (ACI – Malaysia) 11:00 am MYR spot fixing.

The Exchange may list USD Malaysian Crude Palm Oil Calendar Swaps before corresponding Bursa Malaysia Derivatives Berhad FCPO futures contracts are listed. In such cases, daily settlements will be based on interpolation between contracts that are listed.

Final Settlement Price and Daily Settlement During Last Month of Trading

The final settlement price shall be determined on the final settlement day. The final settlement price shall be the cumulative average of the settlement prices for the third forward month FCPO contract traded on the Bursa Malaysia Derivatives Berhad for each trading day in the swap contract month converted to USD and rounded to the nearest \$0.25 using the Persatuan Pasaran Kewangan Malaysia (ACI – Malaysia) 11:00 am (Singapore time) MYR spot fixing. For example, final settlement for a January USD Malaysian Crude Palm Oil Calendar Swap would be the cumulative average of the daily settlement prices for the third forward FCPO contract listed on the Bursa Malaysia Derivatives Berhad contract during the month of January, which in this example will comprise half of the March futures contract and half of the April futures contract, with the month roll determined by the Bursa Malaysia Derivatives Berhad listing and expiration cycle. These daily settlement prices are converted to USD and rounded to the nearest \$0.25 using the Persatuan Pasaran Kewangan Malaysia (ACI – Malaysia) 11:00 am (Singapore time) MYR spot fixing.

Daily settlement during the last month of clearing shall be the cumulative average of each settlement price of the corresponding Bursa Malaysia Derivatives Berhad FCPO futures contract and converted to USD and rounded to the nearest \$0.25 weighting the current day's settlement price across each remaining clearing day. Settlement prices shall be generated each CME business day using the most recent available values from Bursa Malaysia Derivatives Berhad and the most recent ABS spot fixing. However, any settlement prices generated on a CME business day that is not also a Bursa Malaysia Derivatives Berhad business day will not be counted toward final settlement. Additionally, there will be no daily settlement prices generated on non-CME business days that are Bursa Malaysia Derivatives Berhad business days, but the Bursa Malaysia Derivatives Berhad settlement prices generated on such days will count toward final settlement and daily settlement during the last month of clearing.

Final Settlement Day

The final settlement day shall be on the last CME business day of the swap contract month.

However, should there be a Bursa Malaysia Derivatives Berhad business day during the swap contract month that follows the last CME business day of the swap contract month, then final settlement shall be on the first CME business day of the month following the swap contract month.

New Procedure Commencing with the July 2017 Contract Month and Beyond

Beginning with the July 2017 contract month and beyond, the calculation will be converted from MYR to USD by using an FX forward rate that corresponds with the respective contract expiration. This rate will come from a curve that is interpolated using the relevant spot rate and forward points. This calculation will only be in effect when the contract is not the spot contract; each day during the averaging period the spot rate will be used in lieu of any interpolated rate.

Additional Details

USD Malaysian Crude Palm Oil Calendar Swaps are cash settled upon expiration. For additional details, please see the CME Rulebook (Chapter 204A):

<http://www.cmegroup.com/rulebook/CME/II/200/204a.pdf>

If you have any questions, please call the CME Global Command Center at 312.456.2391, in Europe at 44.207.623.4708, or in Asia at 65-6223-1357.

Note: In the event the aforementioned calculations described in this advisory cannot be made or if CME Group staff, in its sole discretion, determines that anomalous activity yields results that are not representative of the fair value of the contract, the staff may determine an alternative settlement price.